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SUBJECT: PACIFIC REGIONAL INSTITUTIONAL FRAMEWORK (RIF)  
JUNE 14 MEETING -- CONSIDERABLE CRITICISM

REF: STATE 82331

#### Summary

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11. (U) In a June 14 meeting in Suva, managers of the Pacific Islands Forum (PIF) Regional Institutional Framework (RIF) task force attempted to buttress the case for an amalgamation of five regional technical agencies under a Secretariat of the Pacific Community (SPC) umbrella. Advocates spoke of duplications and inefficiencies under current arrangements and urged "best practices." A number of Pacific-nation delegations raised significant concerns about the amalgamation plan -- legal, financial, and bureaucratic -- and several called for additional reform options. Reps from each of the five affected agencies spoke, with most expressing reservations about the RIF plan. The U.S. played a constructive role, raising serious questions, per reftel, that were echoed by several others. RIF managers promised fulsome answers. Another RIF meeting is scheduled for September, prior to the next PIF leaders meeting in Tonga. Before then, in light of significant expressions of concern, even opposition to the current plan, RIF managers are tasked to reflect and continue consulting, including about new options. As requested, we issued an invitation for a RIF manager to visit Washington. RIF proposes to send Bob Dun at an early date of Washington's choosing. End summary.

#### The RIF proposal

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12. (U) In a day-long meeting on June 14 at the Pacific Islands Forum Secretariat (PIFS) in Suva, representatives from Pacific island governments and territories, France, the United States, and regional institutions discussed the proposed amalgamation of five regional technical agencies (Secretariat of the Pacific Community (SPC), South Pacific Regional Environmental Program (SPREP), South Pacific Applied Geoscience Commission (SOPAC), Forum Fisheries Agency (FFA), and South Pacific Board for Education Assessment (SPBEA)). The proposed new Regional Institutional Framework (RIF) would have the SPC become an umbrella under which the current programs of the five agencies would be clustered. FFA, SPREP, and SOPAC would become distinct SPC directorates.

Urwin: strive for the best

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13. (U) In opening remarks, PIF Secretary General Greg Urwin suggested the goal should be for all regional organizations

to provide "best service" to constituents. He suggested the current structure may be "OK," but, he asked rhetorically, "Is it the best?" Urwin referred to duplication, uncertain mandates, and an excessive amount of effort needed to coordinate activities under the current "CROP" mechanism. Urwin noted that the PIFS and SPC are consulting on how those two organizations can most effectively divide responsibilities: judging "who best does what." That process will continue. Urwin said the RIF is an equivalent exercise aimed to rationalize responsibilities for the technical agencies.

Pangalinan focused on amalgamation

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14. (U) The PIFS RIF Task Force Director, former SPC Director General Lou Pangalinan, reported on efforts since the PIF Leaders Meeting last October in Nadi, Fiji, to respond to Leaders' requests for a more thorough study of the ramifications of an amalgamation, including legal and financial effects. Pangalinan painted an encouraging picture, as spelled out in her overview papers. (We have provided copies of all RIF papers to EAP/ANP.) Pangalinan continued to stress her, and Greg Urwin's, view that current coordination mechanisms are not working well enough and that significant gains in service delivery to the islands can be gained from bringing the five agencies under a single management structure. Pangalinan announced that a previously proposed split of FFA responsibilities between the umbrella SPC and the PIF has been scrapped. She suggested that merging FFA and SPC "fish-related" services could be beneficial, as could a rationalization of SPREP and SOPAC activities. She suggested an amalgamation would result in new resources for SPREP. She proposed that the initial

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decision to amalgamate "should not be too prescriptive about details of the eventual realignment." The umbrella SPC's Director General and program team should have flexibility to make such judgments over time.

Legalities: all hail sovereignty

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15. (U) Pangalinan and the Samoan author of a RIF legal paper indicated that, if all parties to all agreements have the will, the parties can legally restructure using whatever mechanism they wish. The legal expert did note, though, a "difficulty" of SPREP and FFA relationships with other treaties that must be addressed. Pangalinan emphasized that each member of each current agency must agree to any changes. She added that, if PIF leaders decide to endorse the RIF task force proposals, they can instruct their delegates to the various regional agencies to support amalgamation, and they can lobby non-PIF nations (the U.S. and France) to agree. If all members of all agencies agree, the integration process can proceed. Pangalinan noted the SPC governing council will be the first to meet after this October's PIF in Tonga. At that point, we intervened, raising several USG questions (reftel) about the legalities and noting we had passed a list of USG questions to Pangalinan prior to the meeting. (Note: With that, the meeting chair distributed all the USG questions to all participants. That worked out well, as a number of island reps later intervened to note how USG concerns mirrored their own. We specifically raised a number of the questions at appropriate points and received assurance that RIF managers would provide answers to all the USG questions in due course.)

Protecting U.S. treaty rights

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16. (U) Australia noted its impression that some legal issues may be more difficult to manage than the legal paper suggests. New Caledonia asked if the aim is a "less than treaty" effort, which would be difficult for France. The RIF legal expert said the intention is "treaty status in the end" with all agency treaties being amended. The legal expert said that, while a purist might suggest no actual change can

take place until all amendments are in force, the RIF managers believe the region can "undertake a range of activities once the PIF leaders bless the process." We then intervened again to emphasize the USG judgment that the various affected agencies (like SPC and SPREP) must make their own decisions before implementation begins. While the USG has great respect for the PIF leaders, we are not a member of the PIF and we have treaty rights that must be honored.

Financial analysis: no great savings

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17. (U) In discussing financial aspects, Pangalinan and the RIF's accountant advisor suggested amalgamation could, in future, result in savings or cost increases per judgments of the umbrella SPC. The RIF financial paper discussed possible initial savings and costs, judging that any initial savings are likely to be quite modest, with personnel savings mostly offset by increased French-language translation costs. The initial RIF proposal had suggested that annual meetings could be consolidated; however, current thinking is that the annual sectoral meetings "will not be reduced initially," since such meetings provide detailed policy guidance that might not be possible during an annual umbrella SPC meeting.

Initially stay "cost neutral" for donors

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18. (U) Pangalinan said initially the intention is to maintain the "core SPC" budget as "cost neutral." She confirmed the financial paper's assumption that all current SPC members would, in effect, begin utilizing all five agencies' services under an amalgamation. That would presumably increase costs for SOPAC and FFA services which, at present, the U.S. and its territories do not utilize. Pangalinan clearly was aware of USG concerns about any possible increased assessments under an amalgamation. A chart of "Possible Membership Contributions in Enlarged SPC" distributed at the meeting left blank the slots for donor (Australia, France, NZ, U.S.) contributions, saying in a footnote that "the SPC formula

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allows percentage share among donor members to be decided by donor members." Pangalinan had previously suggested to us that if, in future, SPC core contributions need to rise, Australia and New Zealand might well agree to foot any perceived USG portion of the increase. We made clear a USG concern about leaving for later discussion any possible adjustments to current funding formulas.

Many island reps raise concerns

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19. (U) Many Pacific regional meetings are quiet affairs. The RIF meeting was an exception. Nearly every country's representative made comments, sometimes quite negative comments about the RIF vision. Interventions by the Cooks, Solomon Islands, and Tonga kicked things off with expressions of concern about amalgamating the FFA into an umbrella SPC with much broader membership, and about possibly creating a "bloated" institution that might be less efficient than the current set-up. Nauru, represented by a former PIF Deputy SG, proposed to explore other options that might better link technical-agency reform to the Pacific Plan vision. The Nauru rep is now tasked to prepare a paper to flesh out his ideas. Samoa was repeatedly vocal, arguing that the environment and fish are "dominant issues" for the region, and they need stand-alone organizations. Later Samoa asked why there has been no consideration of "some physical consolidation" of agencies. Pangalinan said such ideas ought to await creation of the umbrella SPC which could at a later date consider realignments. Samoa, Fiji, and PNG all asked for more options to be presented to Pacific leaders. The FSM said it remains uncomfortable, particularly with how the FFA and SPREP would be handled. Vanuatu asked if contribution formulas other than the SPC version are being considered.

And some expressions of support

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¶10. (U) Reps from Australia, Guam, French Polynesia, New Caledonia, and France spoke up for amalgamation, referring to the need for better coordination than at present. The Guam rep noted her territory is facing "a period of drastic change" and will need technical assistance to deal with the impact. France said some clarifications are still needed, but advantages far outweigh difficulties. New Caledonia and New Zealand suggested an umbrella SPC would add to Pacific visibility in international fora. New Zealand said it is very supportive of the desire to "get better;" but questions remain and the sorts of details raised by the USG questions are needed in advance of the PIF meeting in October.

Technical agency reps subdued

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¶11. (U) Late in the day, reps from the five technical agencies offered their views. SPREP's rep proposed, in effect, "If it ain't broke don't fix it." He said past criticisms have been of the PIF, not the technical agencies. He suggested that the region "thoroughly negotiate" any successor treaty arrangement before abandoning the SPREP treaty currently in place. SPBEA complained it had not been consulted at all as yet. FFA suggested that an integrated approach to "oceanic fish" issues is needed. The RIF was discussed at length at the recent FFC meeting in New Zealand and a report would follow. SOPAC said the RIF engendered much debate at the last governing council meeting, with no consensus and some concern whether an amalgamation would result in better service. The SPC said it supports considering the RIF process if it can improve service. Certainly, the status quo can be improved without amalgamation, but some problems would remain. Many questions still need answers, and it may be worth exploring other options.

Looking at options before meeting in September

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¶12. (U) There is to be another RIF meeting in September in the lead-up to the October Forum. In the meantime, Pangalinan and her team are tasked to continue reflecting and consulting, including on whether other options need to be considered. Urwin and Pangalinan clearly would have preferred to charge ahead, merely refining the current RIF proposal. They argued that terms of reference (TOR) from PIF

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leaders focused only on the current RIF plan. Nauru's rep disputed that view, saying the PIF leaders' TOR was open ended. Given strong sentiment from many quarters to slow down and consider alternatives, Urwin said further guidance from PIF leaders may be needed. Pangalinan will put together a draft chairman's letter before September, attempting to provide PIF leaders a summary of the mixed views and thoughts on options.

Invitation to Washington accepted: timing?

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¶13. (U) We reiterated the USG invitation for Pangalinan to visit Washington soon for detailed discussions. She and Urwin both have endorsed the trip. Pangalinan said, though, that the person to travel is likely to be Bob Dun, an Australian who as Director General of the SPC transformed that institution in the late 1990s, with Pangalinan as his deputy. Dun is now serving as a senior advisor to the RIF process. He has great influence on RIF developments and is well worth Washington's time. Dun said he can adjust his schedule to meet Washington needs. A late June visit would be fine with him. Please advise.  
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